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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000302

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SUBJECT: FORMER ACTING KAOHSIUNG MAYOR YEH CHU-LAN ON DPP POLITICS AND CONSTITUTIONAL REFORM (C-AL7-00162)

Classified By: AIT Director Stephen M. Young, Reason 1.4 (b/d)

¶1. (C) Summary: Former Acting Kaohsiung Mayor Yeh Chu-lan told the Director on February 6 that President Chen retains a fair, though limited, amount of influence over the DPP. Weakened by a series of corruption scandals that engulfed his family and the Presidential Office last year, Chen nevertheless has the ability to shape political discourse through the presidential bully pulpit. Yeh suggested that Chen will probably play a crucial role in the upcoming 2007 legislative and 2008 presidential elections because the Presidential Office has the political resources to help DPP candidates win. The Director cautioned this key DPP leader over destabilizing attempts to push sovereignty issues in any constitutional reforms. In response, Yeh emphasized that the DPP will not take "rash" steps on constitutional reform in the upcoming year, explaining that internal party discussions so far have focused on reforming Taiwan's political structure and have not addressed sovereignty-related articles. End Summary.

President Chen Thinking of Legacy

¶2. (C) Former Acting Kaohsiung Mayor Yeh Chu-lan told the Director on February 6 that President Chen Shui-bian retains a fair, though limited, amount of influence over the Democratic Progressive Party (DPP). Although not as strong as he was before a series of corruption scandals engulfed his family and the Presidential Office last year, Chen maintains the ability to shape party policy and political debate through the presidential bully pulpit. Chen no longer participates directly in internal party factional politics and cannot make unilateral decisions on behalf of the party. DPP Chairman Yu Shyi-kun is loyal to Chen, but given the party's democratic decision-making culture, no one individual has final say over major issues, Yeh explained. As an example, Yeh pointed out that Chen was called before the party's Central Executive Committee (CEC) to explain the Presidential Office's use of a special state affairs fund that led to the indictment of the First Lady last year.

¶3. (C) Yeh suggested that President Chen will probably focus the remainder of his term on initiatives aimed at deepening Taiwanese identity and cementing his political

legacy. Chen will also play a crucial role in the upcoming 2007 legislative and 2008 presidential elections. Although Chen does not have the power to hand-pick the DPP's presidential candidate, his support will be crucial to mobilizing the necessary political resources to win in 2008, emphasized Yeh. The DPP will choose its presidential candidate through an open and competitive primary race in which public opinion polls (weighted at 70 percent) will be more important than the party vote (weighted at 30 percent) in determining the winner. Yeh expects Chen to remain relatively neutral throughout the primary and to refrain from openly endorsing any of the three potential contenders: Yu Shyi-kun, Premier Su Tseng-chang, or former Premier Frank Hsieh (Chang-ting). The DPP will ultimately rally behind whoever is chosen to avoid the internecine fighting characteristic of the opposition Kuomintang, Yeh added.

¶4. (C) Yeh is optimistic that the DPP can win in 2008 because KMT Chairman Ma Ying-jeou is facing his own investigation into the use of a special mayoral account from his tenure as Taipei mayor. The KMT-led pan-Blue coalition, moreover, has not taken advantage of its majority in the Legislative Yuan (LY) to push forward constructive policies, failing to leave an impressive legislative record. Yeh explained that the KMT's strong grass-root organization has become relatively weaker as the DPP has been building its own grass-root infrastructure since 2000. Whether Taiwan's next president comes from the KMT or DPP, Yeh assessed he will inherit from President Chen the challenging responsibility of advancing cross-Strait relations and improving Taiwan's economy.

DPP Moving "Carefully" on Constitutional Reform...

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¶5. (C) The Director underscored with Yeh, a member of the DPP Central Standing Committee (CSC), the importance of maintaining peace across the Taiwan Strait and of avoiding controversial, sovereignty-related constitutional reforms in the coming year. Yeh gave her assurance that the DPP would not do anything "rash," noting that the party has no intention of endangering the lives of Taiwan's 23 million people. She explained that discussions so far have addressed the reform of Taiwan's political structure, with debate focusing on whether Taiwan should adopt a strong presidential or parliamentary system of government. The CSC in its deliberations has not "seriously" discussed changing the national title or redefining the territory, despite expectations from the party's deep Green base to do so. Yeh elaborated that, as the opposition party, the DPP had pushed a strong Taiwan independence agenda vis-a-vis the KMT government, but as the ruling party the DPP has had to be "more careful" in approaching such issues.

...While Aiming for a "Normal Country"

¶6. (C) As the ruling party, the DPP's ultimate goal, Yeh continued, is to make Taiwan into a "normal country." Without a voice on the world stage the people of Taiwan have little "room to breathe" in the face of PRC efforts to constrain Taipei's international space. Yeh emphasized that constitutional reform efforts, as well as Taiwan's efforts to join the UN as "Taiwan," should be placed within such a context. Yeh suggested that while Taiwan must look to the goodwill of its allies and the evolution of a future democratic China to resolve its international status, the "reality" remains that there is one China and one Taiwan and that the two exercise no sovereignty over one other.

Comment

¶7. (C) Yeh is seen by many as a potential vice presidential

candidate who would help either Premier Su Tseng-chang or former Premier Frank Hsieh with women and Hakka voters. She made it clear she remains a strong supporter of President Chen. Recently returned from a three week private visit to the U.S. to visit her brother and daughter, Yeh told us she has turned aside overtures from President Chen to take a government job in favor of taking a break to focus on strategic issues and to visit her supporters throughout the island. Despite her assurances that the DPP will move cautiously on constitutional reform proposals in the coming year, stated efforts by Yeh and others recently about turning Taiwan into a "normal country" could push the envelope on "red line" issues in the constitutional reform process. Moreover, President Chen's ability to set the tone and direction of political discourse as Taiwan enters what is sure to be a contentious election year leaves room for surprises.

YOUNG